

**Major Questions Concerning Actual Results for Year Ended March 2015
and Forecast for Year Ending March 2016**

July 7, 2015
SEGA SAMMY HOLDINGS INC.

Actual Results for the Year Ended March 2015

■ **General Matters**

<Matters related to operating results>

Q: What factors led to a decrease in sales and income compared to the previous fiscal year (fiscal year ended March 2014)?

A: The decrease is mainly due to year-on-year decrease in unit sales caused by the declined number of released Pachislot new titles in line with the change in the operation of prototype testing method.

Q: What factors led to recording of net loss?

A: Net loss was recorded mainly due to recording of extraordinary loss including the cost related to the structure reform implemented in fiscal year ended March 2015, and to the increased total amounts of corporate income tax, etc. caused by partial reduction of deferred tax assets.

<Matters related to structure reform>

Q: What was the cost accrued from the structure reform and what will be the expected amount of reduction for fiscal year ending March 2016?

A: Out of 15.9 billion yen recorded as extraordinary loss in fiscal year ended March 2015, approximately 7 billion yen were related to the structure reform.
Approximately 6 billion yen of fixed expenses reduction is projected in the forecast for fiscal year ending March 2016.

Q: In which segment was the fixed expenses reduction mainly conducted?

A: For fiscal year ending March 2016, fixed expenses reduction of 5.4 billion yen in Entertainment Contents Business, 300 million yen in Resort Business and 300 million yen across the company is expected.

Q: What are the reasons for not deciding this time to reduce the number of stores and employees in Amusement Center Operations Business whose market size is continuing to shrink?

A: In the Amusement Center Operations Business, large-scale streamlining was implemented several times in the past. Its Game Centers field was spun off in October 2012 and has since built a speedy and strong management structure that can endure severe environment.
Currently, the operating results remain solid, thus we intend to go on with developing new style stores for broader range of customers including families, while continuing to make efforts to improve profitability by closing unprofitable stores and strengthening operational skills of each store.
SEGA SAMMY Group will continue to discuss measures for improving management efficiency and enhancement of profitability not only of the Amusement Center Operations Business but also of the entire group.

Q: Will additional structure reform be implemented in fiscal year ending March 2016?

A: In working to reinforce business portfolio management, business reshuffle that can lead to profit increase in the future, etc. will be conducted, concurrently considering further enhancement in profit while assessing the effect of structure reform measures taken in fiscal year ended March 2015 at the same time. And further cost management will be ensured.

■ Pachislot and Pachinko Machines Business

Q: What is the background to the decrease in sales and income compared to the previous fiscal year (fiscal year ended March 2014)?

A: The decrease is mainly due to year-on-year decrease in unit sales caused by the small number of new pachislot titles released.

■ Consumer Business

Q: What factors led to the increase in sales and income compared to the previous fiscal year (fiscal year ended March 2014)?

A: The increase is mainly due to strong performance of existing titles in the digital games field although the packaged game field and the toy sales business remained weak.

Q: What factors led to the increase in sales which was larger than the full year forecast announced on February 12, 2015?

A: Such increase is mainly due to strong performance of repeat titles for the U.S. and Europe in the packaged games field.

■ Other Business

Q: What is the progress of the resort complex development in Incheon?

A: Construction of the development of South Korea's first integrated resort PARADISE CITY has been underway on the land adjacent to Incheon International Airport since November 2014, and its opening is scheduled for the first half of 2017.

Forecast for the Year Ending March 2016

■ General Matters

Q: What factors led to the forecast of increased sales and income compared to the previous fiscal year (fiscal year ended March 2015)?

A: Increased sales and income are projected as approximately 6 billion yen of fixed expenses reduction from the fiscal year ended March 2015 is expected centering on the Entertainment Contents Business due to implementation of streamlining measures in line with structure reform.

Q: What changes were made to business segments?

A: Current four segments were consolidated into three segments.

Former segments: (1) Pachislot and Pachinko Machines (2) Amusement Machine Sales (3) Amusement Center Operations (4) Consumer Business

New segments: (1) Pachislot and Pachinko Machines (2) Entertainment Contents Business (3) Resort Business

■ Pachislot and Pachinko Machines Business

Q: What changes have been made to this segment?

A: There is no major change in the Pachislot and Pachinko Machines Business.

In addition to pachislot and pachinko machines business the segment had previously covered, Japan Multimedia Services Corporation, which operates call centers and after-sale services etc., and Wave Master Inc. (video/music production company) were transferred from the Other Business segment.

Q: What factors led to the forecast of increased sales and decreased income compared to the previous fiscal year (fiscal year ended March 2015)?

A: Increased sales and decreased income are projected as profit ratio is expected to take temporarily

downturn due to the impact of weak yen on parts procurement cost, the release of new devices, etc. while year-on-year unit sales of pachislot machines is expected to increase and that of pachinko machines decrease.

Q: What factors led to the first-half-oriented forecast for the fiscal year ending March 2016?

A: Such forecast is mainly due to the planned sales of mainstay titles in the first half of the fiscal year. On the other hand, more conservative forecast is made for the second half as it is difficult to foresee the market environment in the second half at this moment.

Q: What factors led to the decrease in forecast profit ratio of the Pachislot and Pachinko Machines Business?

A: Profit ratio is expected to take temporarily downturn due to the impact of weak yen on parts procurement cost, the release of new devices, etc. However, we intend to enhance profit ratio over a medium-term through reinforced efforts to improve costs by reusing parts as well as standardizing parts among several brands and making joint purchases, etc.

■ Entertainment Contents Business

Q: What changes have been made to this segment?

A: The former Amusement Machine Sales Business, Amusement Center Operations Business and Consumer Business have been consolidated. At the same time, the theme park business which had been included in the Amusement Center Operations Business until the previous fiscal year (fiscal year ended March 2015) was transferred to the Resort Business. Furthermore, the casino machine sales field which had been included in the Other Business was consolidated into the amusement machine sales field.

Q: What factors led to the forecast of increased sales and income compared to the previous fiscal year (fiscal year ended March 2015)?

A: Increased sales and income are projected mainly due to the expected significant growth in the digital games field led by securement of profit from existing titles and release of several new titles, as well as the expected improvement in profitability in the packaged games, amusement machine sales and amusement center operations fields affected by the reduction of fixed expenses.

Q: What factors led to the second-half-oriented forecast of operating income in the digital games field?

A: Such forecast is made as up-front investment such as the advertising expense for new titles to be released mainly in the first half of the fiscal year and the new titles are expected to contribute significantly to the second half of the fiscal year.

Q: What is the schedule of release of new smartphone titles?

A: Several new titles are scheduled to be launched mainly in the first half of the fiscal year. As to the current status, initial performance has been solid as evidenced by “Hortensia SAGA” released in April surpassing 1 million downloads and “MONSTER GEAR” released in May surpassing 2 million downloads.

■ Resort Business

Q: What changes have been made to this segment?

A: Development/operation businesses of theme parks such as TOKYO JOYPOLIS and Orbi Yokohama, of resort facilities such as PHOENIX RESORT, and of overseas resort facilities in Incheon/Busan, South Korea, etc. have been consolidated into the Resort Business.

Q: What factors led to the forecast of increased sales and expanded loss compared to the previous fiscal year (fiscal year ended March 2015)?

A: Sales are projected to increase through initiatives to reinforce operational skills at PHOENIX RESORT

and theme parks such as Tokyo Joypolis and Orbi Yokohama. On the other hand, operating expenses are projected to increase due to up-front investment for materializing integrated resort business in Japan.

Q: What is the outlook for being profitable and its timing?

A: We aim to enhance earning capacity through initiatives to reinforce operational skills at PHOENIX RESORT and theme parks such as TOKYO JOYPOLIS and Orbi Yokohama. Since we have declared entry to domestic integrated resort business once relevant legislation is introduced in Japan, such initiatives are regarded as up-front investment for the entry.

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